

HOUSING NOW

Canada

CANADA MORTGAGE AND HOUSING CORPORATION

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Canadian Market Overview

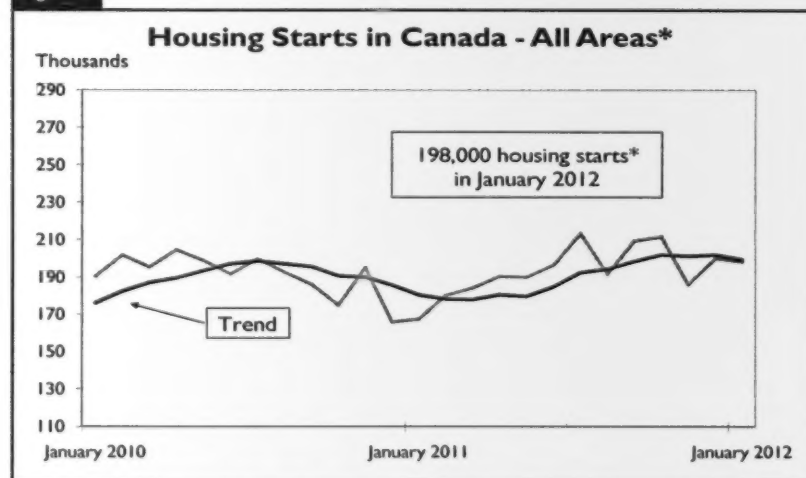
New Home Market

Housing starts decreased in January

The seasonally adjusted annual rate¹ of housing starts was 198,000 units in January, down 0.9 per cent from 199,800 units in December. Starts have been in line with the trend for two

consecutive months. The slight decrease posted in January was attributable to a decrease in Québec and in Atlantic Canada. The multiple starts segment accounted for most of the reduction in those two regions.

Figure 1



Source: CMHC

*Seasonally adjusted at annual rates

¹All starts figures in this release, other than actual starts, are seasonally adjusted annual rates (SAAR) — that is, monthly figures are adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels. By removing seasonal ups and downs, seasonal adjustment makes it possible to highlight the fundamental trends of a series. Reporting monthly figures at annual rates indicates the annual level of starts that would be obtained if the monthly pace was maintained for 12 months. This facilitates comparison of the current pace of activity to annual forecasts as well as to historical annual levels.

Canada

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Table of Contents

- 1 Canadian Market Overview
- 1 New Home Market
 - Housing Starts
- 2 New Housing Price Index
- 2 Existing Home Market
 - MLS® Sales
 - MLS® New Listings
 - Sales-to-New-Listings Ratio
 - MLS® Prices
- 3 Economic Conditions
- 4 Starts Statistics
- 5 Other Housing Statistics

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Urban single starts decreased, while urban multiple starts remained relatively stable in January

The seasonally adjusted annual rate of total urban² starts decreased by 2.6 per cent to 176,700 units in January compared to 181,500 units in December 2011. Urban single starts decreased 7.5 per cent to 65,000 units, while urban multiple starts remained relatively stable, up 0.4 per cent to 111,700 units in January.

Urban starts decreased in Atlantic Canada and in Québec

In January, the seasonally adjusted annual rate of urban starts decreased in Atlantic Canada (-35.4 per cent), and in Québec (-34.4 per cent). On the other hand, urban starts posted an increase in the Prairie region (2.3 per cent), Ontario (11.1 per cent), and in British Columbia (29.0 per cent).

The seasonally adjusted annual rate of rural starts was 21,300 units in January compared to 18,300 units in December.

The stock of unabsorbed new housing was stable

The stock of unabsorbed new housing units was relatively stable over the past year, indicating consistent strength in demand for newly constructed homes. After recording higher levels of unabsorbed units on

the market in 2009, above the 8,500 unit mark, the number of new and unoccupied singles and semis has fluctuated narrowly between 5,500 and 6,200 units during 2011. In January 2012, the number of new and unoccupied single homes reached 6,080, close to the historical average. With respect to multiples, the number of new and unoccupied units oscillated within a band between 12,600 and 14,200 units, standing at 13,258 units in January 2012.

New house prices were up in December

The New Housing Price Index (NHPI) increased 2.5 per cent in December 2011 compared to December 2010. This is the same as the year-over-year increase that was observed in November 2011.

New home prices increased in 17 out of 21 centres. The largest increases in the NHPI were in Toronto and Oshawa (6.3 per cent), followed by Regina (5.3 per cent) and Winnipeg (4.6 per cent). Declines were registered in Victoria (-1.6 per cent), Vancouver (-0.3 per cent), Calgary (-0.1 per cent) and St. John's (-0.1 per cent).

Existing Home Market

MLS® sales slowed down in January

The seasonally adjusted annual rate of MLS® (Multiple Listing

Service®) sales decreased 4.5 per cent to 459,528 units in January, compared to 481,380 units in December 2011.

MLS® new listings declined in January

The seasonally adjusted annual rate of MLS® new listings in January was 854,520, a decrease of 1.4 per cent from 866,976 in December last year.

The Sales-to-New-Listings ratio at the upper limit of a balanced market

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio⁴. New listings are a gauge of the supply of existing homes, while MLS® sales are a proxy for demand.

The sales-to-new-listings ratio for Canada moved into the balanced market in January, yet remained near the upper limit of balanced market conditions at 53.8 per cent, down from 55.5 per cent in December.

MLS® price increased in January

The January seasonally adjusted average MLS® price in Canada increased by 1.6 per cent to \$362,556 from \$356,783 in December. The unadjusted MLS® average price increased 0.9 per cent in January to \$348,178 from \$344,956 a year ago.

²Urban centres are defined as centres with a population of over 10,000. CMHC surveys urban centres 10,000-49,999 at the end of every quarter. Months which are not at the end of a quarter are thus estimates.

³Multiple Listing Service (MLS®) is a registered trademark owned by the Canadian Real Estate Association

⁴Taking the Canadian MLS® market as a whole, a sales-to-new-listings ratio below 40 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a buyers' market. A sales-to-new-listings ratio above 55 per cent is associated with a sellers' market. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be balanced.

Economic conditions

According to Statistics Canada, month-over-month seasonally adjusted employment stayed virtually unchanged, up by 2,300 jobs in January. This increase was driven by gains in part-time employment (up by 5,900 jobs), while full-time employment declined by 3,600 jobs.

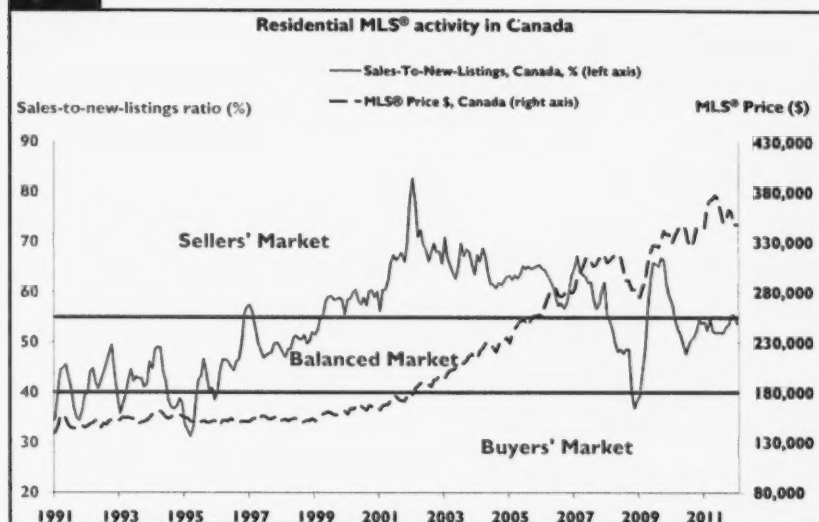
Among the provinces, month-over-month seasonally adjusted employment increased mainly in Québec (9,500 jobs), Alberta (1,900 jobs), and Saskatchewan (1,800 jobs). This was offset by decreases primarily attributable to Ontario, which posted a loss of 7,500 jobs in January.

Statistics Canada reported that the labour force also increased in January, as more people participated in the labour market. This caused Canada's unemployment rate to edge up by 0.1 percentage point from December to 7.6 per cent in January, despite the rise in employment.

Compared to January 2011, total employment in Canada over the last 12 months increased by 129,100 jobs (0.7 per cent), with most of the growth occurring in the first half of the year. Provincially, the largest employment gains were seen in Alberta (79,500 jobs), Ontario (44,400 jobs), and British Columbia (38,400 jobs). Employment fell only in Quebec (-45,100 jobs) and Newfoundland and Labrador (-1,100 jobs).

On January 17th, the Bank of Canada announced that it was leaving the target for the overnight interest rate unchanged at 1.0 per cent. According to the Bank of

Figure 2



Data are seasonally adjusted and annualized, and cover Canada's major markets
 Sources: CMHC, Canadian Real Estate Association (CREA), MLS

Canada, while the economy had more momentum than originally anticipated in the second half of 2011, the pace of growth going forward is expected to be more modest than previously envisaged, as prolonged uncertainty about the global economic and financial environment will likely reduce the rate of growth of business investment, while net exports are expected to contribute little to overall growth as a consequence of moderate foreign demand and the strength of the Canadian dollar. On the other hand, domestic consumer spending and housing activity will continue to contribute to growth. The next interest rate announcement of the Governing Council of the Bank of Canada is scheduled to take place on March 8th, 2012.

Statistics Canada's Consumer Price Index, which is a measure of inflation, rose 2.5 per cent in the 12 months to January, following a 2.3 per cent increase

in December. Core inflation, which excludes the eight most volatile items and the effect of changes in indirect taxes, rose 2.1 per cent in the 12 months to January, following a 1.9 per cent increase in December. ■

This Month's Housing Data (SAAR)

	2011	Q2:11	Q3:11	Q4:11	M11:11	M12:11	M01:12
Housing starts, units, 000s							
Canada. Total. All areas	194.0	194.6	205.3	199.9	185.8	199.8	198.0
Per cent change from previous period	2.1	11.3	5.5	-2.6	-12.1	7.5	-0.9
Canada. Total. Rural areas	19.6	18.9	22.8	20.4	20.5	18.3	21.3
Per cent change from previous period	-17.5	5.0	20.6	-10.5	-1.4	-10.7	16.4
Canada. Total. Urban areas	174.4	175.7	182.5	179.5	165.3	181.5	176.7
Per cent change from previous period	4.9	12.1	3.9	-1.6	-13.3	9.8	-2.6
Canada. Single. Urban areas	67.1	68.1	69.6	67.8	67.7	70.3	65.0
Per cent change from previous period	-9.6	10.9	2.2	-2.6	4.2	3.8	-7.5
Canada. Multiple. Urban areas	107.3	107.6	112.9	111.7	97.6	111.2	111.7
Per cent change from previous period	16.7	12.8	4.9	-1.0	-22.3	13.9	0.4
Newfoundland. Total. All areas	3.5	3.7	3.6	3.2	3.8	3.0	5.2
Per cent change from previous period	-3.3	-9.8	-2.7	-11.1	18.8	-21.1	73.3
Prince Edward Island. Total. All areas	0.9	0.8	1.3	1.2	1.5	0.8	0.7
Per cent change from previous period	24.3	0.0	62.5	-7.7	50.0	-46.7	-12.5
Nova Scotia. Total. All areas	4.6	4.2	5.5	4.9	2.8	8.5	2.7
Per cent change from previous period	7.8	5.0	31.0	-10.9	-9.7	203.6	-68.2
New Brunswick. Total. All areas	3.5	3.4	4.1	3.8	3.5	3.7	4.0
Per cent change from previous period	-15.8	126.7	20.6	-7.3	-5.4	5.7	8.1
Quebec. Total. All areas	48.4	48.7	49.4	48.6	47.2	50.0	35.5
Per cent change from previous period	-5.8	3.4	1.4	-1.4	3.3	5.9	-29.0
Ontario. Total. All areas	67.8	70.7	71.2	66.9	54.2	71.7	79.5
Per cent change from previous period	12.2	14.8	0.7	-6.0	-28.0	32.3	10.9
Manitoba. Total. All areas	6.1	5.9	6.5	7.3	7.5	4.9	7.0
Per cent change from previous period	3.3	28.3	10.2	12.3	-10.7	-34.7	42.9
Saskatchewan. Total. All areas	7.0	7.0	8.1	7.3	7.2	5.9	8.6
Per cent change from previous period	19.0	12.9	15.7	-9.9	-17.2	-18.1	45.8
Alberta. Total. All areas	25.7	23.5	27.4	30.2	29.9	28.3	25.4
Per cent change from previous period	-5.1	12.4	16.6	10.2	-9.4	-5.4	-10.2
British Columbia. Total. All areas	26.4	26.7	28.2	26.5	28.2	23.0	29.4
Per cent change from previous period	-0.3	11.3	5.6	-6.0	-3.8	-18.4	27.8

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

This Month's Housing Data, continued (SAAR)*

	2011	Q2:11	Q3:11	Q4:11	M11:11	M12:11	M01:12
Housing starts, units, 000s							
Canada. Total. Urban areas	174.4	175.7	182.5	179.5	165.3	181.5	176.7
Newfoundland. Total. Urban areas	2.3	2.5	2.5	2.0	2.4	1.7	3.9
Prince Edward Island. Total. Urban areas	0.7	0.6	1.0	0.8	1.1	0.5	0.2
Nova Scotia. Total. Urban areas	4.1	3.7	4.8	4.4	2.5	8.0	2.1
New Brunswick. Total. Urban areas	2.5	2.6	2.9	2.5	2.4	2.8	2.2
Quebec. Total. Urban areas	41.8	42.4	42.5	41.7	40.0	43.0	28.2
Ontario. Total. Urban areas	65.2	68.1	68.5	64.2	51.5	69.6	77.3
Manitoba. Total. Urban areas	4.2	4.0	4.1	5.2	5.6	3.4	5.5
Saskatchewan. Total. Urban areas	5.7	5.5	5.6	6.3	6.1	5.2	7.1
Alberta. Total. Urban areas	23.6	21.5	24.7	28.1	27.5	26.3	23.1
British Columbia. Total. Urban areas	24.3	24.8	25.9	24.3	26.2	21.0	27.1

SOURCE: CMHC, Starts & Completions Survey. All quarterly and monthly data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

This Month's Major Housing Indicators

	2011	Q2:11	Q3:11	Q4:11	M11:11	M12:11	M01:12
New Housing							
New & unoccupied singles & semis, units 000s	5.8	5.6	5.6	6.0	6.0	6.2	6.1
Per cent change from same period previous year	8.9	4.3	12.7	7.7	6.8	6.0	2.1
New & unoccupied row & apartments, units 000s	13.2	12.8	13.6	12.9	12.6	12.9	13.3
Per cent change from same period previous year	-2.8	-4.5	-1.2	-5.9	-8.5	-6.0	-6.4
New House Price Index, 2007=100	105.5	105.3	105.8	106.4	106.5	106.6	n.a.
Per cent change from same period previous year	2.2	2.0	2.3	2.5	2.5	2.5	n.a.

Existing Housing

MLS® resales*, units 000s	457.3	444.7	454.4	471.4	467.4	481.4	459.5
Per cent change from same period previous year	2.4	-0.8	13.2	7.3	4.4	9.2	-0.8
MLS® average resale price**, 000s	363.1	365.6	361.6	360.6	362.7	356.8	362.6
Per cent change from same period previous year	7.1	8.6	8.3	3.9	4.2	1.6	1.6

Mortgage Market

Posted 1-Year Mortgage Rate, % (period average)	3.52	3.63	3.50	3.50	3.50	3.50	3.50
Posted 5-Year Mortgage Rate, % (period average)	5.37	5.56	5.32	5.29	5.29	5.29	5.29

SOURCE: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available.

* Annual data is actual. Quarterly and monthly data are seasonally adjusted and annualized (SAAR).

** Annual data is actual. Quarterly and monthly data is seasonally adjusted.

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